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FM SECSTATE WASHDC  
TO AMEMBASSY JAKARTA IMMEDIATE  
ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE  
AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY WELLINGTON IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE  
AMEMBASSY CANBERRA IMMEDIATE  
AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 265884

JAKATRA PASS DILI AS ACTION

E.O. 12958: DECL: 12/08/2014  
TAGS: [KAWC](#) [KJUST](#) [PHUM](#) [PREL](#) [USUN](#) [TT](#) [ID](#) [JA](#) [NZ](#) [PO](#)  
UK, S/WCI, EAP, IO, DRL, AS  
SUBJECT: THE DEPUTY SECRETARY'S DECEMBER 7, 2004 MEETING  
WITH EAST TIMOR PRESIDENT XANANA GUSMAO

[1](#)1. (U) CLASSIFIED BY DEPUTY SECRETARY ARMITAGE FOR REASONS  
1.4 (B) AND (D).

[1](#)2. (U) DECEMBER 7, 2004, 4:40 P.M., IN THE DEPUTY  
SECRETARY'S OUTER OFFICE.

[1](#)3. (U) PARTICIPANTS:

U.S.  
- THE DEPUTY SECRETARY  
- EAP A/S JAMES A. KELLY  
- EAP DAS MARIE T. HUHTALA  
- AMBASSADOR GROVER JOSEPH REES  
- D SPECIAL ASSISTANT CHRISTIAN CASTRO  
- EAP/IET DESK OFFICER SAMEER SHETH (NOTETAKER)

EAST TIMOR  
- PRESIDENT XANANA GUSMAO  
  
- AMBASSADOR JOSE L. GUTERRES  
- DCM CONSTANCIO PINTO  
- INTERNATIONAL RELATIONS ADVISOR DOMINGOS ALVES

[1](#)4. (C) SUMMARY: IN A FRIENDLY AND WARM ATMOSPHERE, DEPUTY  
SECRETARY ARMITAGE DISCUSSED A WIDE RANGE OF ISSUES WITH  
VISITING EAST TIMOR PRESIDENT GUSMAO. AFTER  
CONGRATULATING PRESIDENT GUSMAO ON RECEIVING THE NATIONAL  
DEMOCRATIC INSTITUTE'S HARRIMAN AWARD AND THE BIRTH OF HIS  
THIRD CHILD, THE DEPUTY SECRETARY ASKED PRESIDENT GUSMAO  
ABOUT HIS VIEWS ON THE CHALLENGES EAST TIMOR FACES, ITS  
RELATIONS WITH INDONESIA, OIL REVENUES, REFUGEES, AND WHAT  
ASSISTANCE THE U.S. COULD PROVIDE THE NEW NATION.  
PRESIDENT GUSMAO SAID RELATIONS WITH INDONESIA WERE STILL  
"FRAGILE." ON ACCOUNTABILITY FOR 1999 ATROCITIES, HE SAID  
HE WOULD TRY TO CONVINCE INDONESIAN PRESIDENT YUDHOYONO AT  
A DECEMBER 14 MEETING TO ACCEPT A UN COMMISSION OF  
EXPERTS, BUT HE ALSO EXPRESSED SKEPTICISM ABOUT GOI  
WILLINGNESS TO FACE THE ISSUE. PRESIDENT GUSMAO ALSO  
CANDIDLY GAVE HIS VIEWS ON THE JUDICIAL SECTOR IN HIS  
COUNTRY. END SUMMARY.

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EAST TIMOR - INDONESIA RELATIONS  
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[1](#)5. (C) PRESIDENT GUSMAO SAID RELATIONS BETWEEN EAST TIMOR  
AND INDONESIA WERE STILL "FRAGILE." HE AGREED WITH DEPUTY  
SECRETARY ARMITAGE'S ASSESSMENT THAT SUSILO BAMBANG  
YUDHOYONO (SBY) APPEARED TO BE MORE REASONABLE THAN FORMER  
PRESIDENT MEGAWATI. HOWEVER, PRESIDENT GUSMAO CAUTIONED  
THAT THE GOET DID NOT EXPECT ANY BIG CHANGES IN INDONESIAN  
POLICY BECAUSE SBY, THOUGH A FORMER GENERAL, STILL NEEDS  
THE SUPPORT OF THE INDONESIAN MILITARY. HE HOPES SBY WILL  
BE ABLE TO FULFILL HIS PROMISES OF REFORM BUT EXPECTS THAT  
HIS TASK WILL NOT BE EASY. WHEN ASKED ABOUT BITTERNESS  
BETWEEN THE TWO NATIONS, PRESIDENT GUSMAO ANSWERED THAT  
THE BITTERNESS REMAINS IN THE HEARTS OF THE INDONESIAN

GENERALS, SOME OF WHOM ADMIT WHAT THEY DID IN EAST TIMOR IN 1999 WAS WRONG BUT AVOID DISCUSSING THE ISSUE. WHEN ASKED ABOUT EAST TIMORESE REFUGEES, PRESIDENT GUSMAO REPLIED THAT THERE WERE ABOUT 29,000 SCATTERED THROUGHOUT INDONESIA AND THAT MOST HAD SETTLED THERE PERMANENTLY. HE SPECULATED THAT ABOUT HALF MAY CHOOSE TO RETURN TO EAST TIMOR SOME DAY.

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ACCOUNTABILITY  
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16. (C) PRESIDENT GUSMAO BELIEVED THAT SBY WOULD NOT BE ANY MORE COOPERATIVE THAN MEGAWATI WAS WITH THE UN REGARDING THE ISSUE OF ACCOUNTABILITY FOR THE CRIMES COMMITTED IN EAST TIMOR IN 1999. PRESIDENT GUSMAO STATED THAT HE PLANNED TO MEET SBY IN BALI ON DECEMBER 14 AND USE THAT OCCASION TO TRY TO PERSUADE HIM TO ACCEPT THE UN'S COMMISSION OF EXPERTS. DEPUTY SECRETARY ARMITAGE ASKED PRESIDENT GUSMAO IF HE ENVISIONED A LIKELY SOUTH AFRICAN TRUTH AND RECONCILIATION MODEL. WHEN PRESIDENT GUSMAO INQUIRED WHETHER THE SOUTH AFRICA MODEL NAMED NAMES, THE DEPUTY SECRETARY ANSWERED THAT NAMES WOULD HAVE TO BE NAMED AND THAT THERE MUST BE TRUTH BEFORE RECONCILIATION CAN OCCUR. PRESIDENT GUSMAO COMMENTED THAT FOR EAST TIMOR, THE MINIMUM ACCEPTABLE SOLUTION WOULD BE AN ARRANGEMENT THAT WOULD NAME NAMES.

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EAST TIMOR'S CHALLENGES  
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17. (C) EXPRESSING CONCERN ABOUT THE JUSTICE SECTOR IN EAST TIMOR, PRESIDENT GUSMAO EMPHASIZED THE NEED TO BUILD CAPACITY IN THE SECTOR BY TRAINING GOOD PROSECUTORS, LAWYERS, AND JUDGES. HE STRESSED THE IMPORTANCE OF CHANGING THEIR MENTALITY AND IMPROVING THEIR PROFESSIONALISM. PRESIDENT GUSMAO ACKNOWLEDGED THAT THERE WERE SOME DIFFERENCES WITHIN THE GOET REGARDING THE APPROACH TO THIS TRAINING (NOTE: LIKELY REFERRING TO THE MINISTRY OF JUSTICE'S PREFERENCE FOR TRAINING IN PORTUGUESE AND BY CIVIL LAW NATIONS SUCH AS PORTUGAL). ASSESSING TIMOR'S GENERAL CONDITION, PRESIDENT GUSMAO INDICATED THE NEED FOR BETTER MANAGEMENT CAPACITY AND ESPECIALLY FOR FIGHTING CORRUPTION. DEPUTY SECRETARY ARMITAGE AGREED THAT THIS WOULD BE TOUGH BUT ESPECIALLY IMPORTANT ONCE THE MONEY FROM THE OIL REVENUES BEGINS TO COME IN. PRESIDENT GUSMAO REPLIED THAT AN OIL FUND WAS BEING CREATED WITH THE HELP OF THE IMF AND WORLD BANK TO ENSURE THAT ACCOUNTS ARE TRANSPARENT. THE DEPUTY SECRETARY ASKED WHETHER THE PEOPLE OF EAST TIMOR WERE PATIENT ENOUGH TO WAIT A YEAR FOR THE OIL INCOME. PRESIDENT GUSMAO REPLIED THAT THE \$100 MILLION LEVEL WOULD NOT BE REACHED FOR ANOTHER THREE TO FOUR YEARS DUE TO TECHNICAL DIFFICULTIES. HE ADDED THAT THE GOET'S ENTIRE ANNUAL BUDGET IS ONLY \$75 MILLION.

18. (C) PRESIDENT GUSMAO DESCRIBED THE HIGH EXPECTATIONS OF HIS PEOPLE IN 2001, ESPECIALLY FOR JOBS. HE SAID THAT ALTHOUGH EXPECTATIONS HAVE LOWERED, ONE CHALLENGE IS CONVINCING THE UNEMPLOYED YOUTH WHO HAVE FLOODED DILI TO RETURN TO THEIR COMMUNITIES AND CONTRIBUTE TO THE AGRICULTURE SECTOR THERE. PRESIDENT GUSMAO IS TRYING TO WORK WITH THE WORLD BANK AND IMF TO PURSUE THIS.

19. (C) REMARKING THAT THE USG WOULD "SAVE" ABOUT \$20 MILLION DOLLARS WHEN THE UN MISSION IN EAST TIMOR ENDED IN MAY, 2005, PRESIDENT GUSMAO SMILINGLY ASKED WHETHER THE USG COULD USE SOME OF THAT AMOUNT TO PROVIDE TIMOR WITH FURTHER ASSISTANCE. JOKINGLY COMMENDING GUSMAO FOR HIS BUSINESS ACUMEN, DEPUTY SECRETARY ARMITAGE SAID THAT THE USG WOULD CONTINUE ITS ASSISTANCE TO EAST TIMOR AND LOOK INTO OTHER WAYS THAT IT COULD HELP IN THE FUTURE, ESPECIALLY THROUGH MULTILATERAL ORGANIZATIONS LIKE THE WORLD BANK.

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## ARMY-POLICE TENSIONS

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¶10. (C) WHEN ASKED ABOUT THE RELATIONSHIP BETWEEN THE MILITARY (A GREAT NUMBER OF WHOM ARE VETERANS) AND THE POLICE IN TIMOR, PRESIDENT GUSMAO AGREED THAT TENSIONS EXISTED. HE SAID THERE WAS SOME FEELING OF FRUSTRATION AND RESENTMENT AMONG THE MILITARY SINCE THE POLICE OFFICERS, MANY OF WHOM ONCE SERVED UNDER THE INDONESIANS, NOW APPEARED TO HAVE THE REAL POWER. HE SAID THERE IS A NEED FOR THE ARMY TO FEEL USEFUL AND NOT PSYCHOLOGICALLY INFERIOR TO THE POLICE. DEPUTY SECRETARY ARMITAGE SAID THAT HE SENSED THIS TENSION AND RECOGNIZED THE NEED TO IMPROVE THE ARMY'S SELF-ESTEEM. PRESIDENT GUSMAO EMPHASIZED THE NEED FOR WORKSHOPS AND TRAINING PROGRAMS IN HUMAN RIGHTS AND COUNTER-TERRORISM FOR TIMORESE POLICE OFFICERS OUTSIDE OF TIMOR WHERE THEY WOULD BE ABLE TO CHANGE THEIR MINDSETS. (COMMENT: PRESIDENT GUSMAO SAID HE DID NOT FAVOR MALAYSIA AS AN APPROPRIATE OUTSIDE VENUE BUT DID FAVOR THAILAND. END COMMENT.) WHEN THE DEPUTY SECRETARY RAISED A QUESTION ABOUT CURRENT COUNTER-TERRORISM TRAINING, AMBASSADOR REES REPLIED THAT THERE IS NONE BECAUSE OF RESOURCE CONSTRAINTS. DECLARING THAT "WE ARE ALL FRONTLINE STATES" AND TIMOR CANNOT ESCAPE ITS GEOGRAPHY, THE DEPUTY SECRETARY STATED THAT A SMALL SUCH PROGRAM COULD BE CONSIDERED.

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## BILATERAL AND MULTILATERAL ASSISTANCE

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¶11. (C) WHEN DEPUTY SECRETARY ARMITAGE ASKED ABOUT WORLD BANK AND IMF ASSISTANCE, PRESIDENT GUSMAO REPLIED THAT BOTH ORGANIZATIONS HAVE PROMISED TO SUPPORT TIMOR AND THAT THE GOET WANTS TO BE CAUTIOUS ABOUT BORROWING BUT WILL TAKE LOANS THAT SUPPORT GOOD PROJECTS, PROVIDING A TRANSPARENT PROCESS IS IN PLACE.

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